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*State Senator*  
**Joe Zakas**

NEWS FROM THE INDIANA SENATE



## Commission Studies Methods to Replace Property Taxes

The property tax situation in Indiana is a frustration shared by many. A newly-formed committee, consisting of legislators, farmers, businessmen, and homeowners, is considering ways to reduce local government's reliance on property taxes.

By court order, all Indiana property subject to property tax was reassessed to more accurately reflect market value. The reassessment process is complete in almost every county in Indiana, and agencies and organizations are collecting data that will aid the committee and the legislature in exploring methods to replace over \$5.5 billion in property taxes collected each year and to provide oversight of over 9,000 levies and 172 different types of funds for local government programs and services.

The committee is charged with studying the property tax system and looking for alternatives. The commission will examine the effects of eliminating 50 percent, 75 percent, and 100 percent of local government

net property tax levies.

One major hurdle for the commission is to identify revenue sources capable of replacing property taxes and providing sufficient revenue to maintain essential government services, including for schools. The commission will submit status reports to the Legislative Council, the administrative body of the General Assembly, in September.

The commission broke down into small groups that will work on five major issues during the year: 1) Property Tax Administration Issues; 2) Cost of Local Government Services; 3) Long Term Debt Issues (22% of property taxes are paid on debt); 4) Comparing Other State Tax Systems; and 5) Stronger Controls on Property Tax Levies.

The committee's goal is to seek ways to lessen local governments' dependence on property taxes and create a more equitable and fair method of funding local government.

## State Faces Tough Budget Decisions in 2005

On July 12, the state of Indiana closed the books for Fiscal Year 2004. According to official figures released by the State Budget Agency, the state is expected to have a "surplus" or "reserve" of just \$300 million on June 30, 2005, the close of the current budget cycle. As shown on **Figure 1** on page two, this means the state's reserve will have declined by nearly \$2 billion since 1998.

For a few years, Indiana income growth built this substantial surplus. Legislators responded with a number of tax cuts. However, tax cuts, budget increases, and the recent recession combined to decrease Indiana's budget surplus. In addition, state

revenue collections actually decreased in both Fiscal Years 2001 and 2002 before showing a 0.5 percent increase in 2003. Revenue collections increased by about 2.7 percent for Fiscal Year 2004, the year that just ended.

In order to avoid big spending cuts in education and health care, the state has been using the surplus and employing spending delays and other short-term solutions. Although these measures have helped the state to avoid such spending cuts, they are only one-time temporary fixes and cannot be sustained.

see BUDGET, page 2

## HoosierRx Program Discounts Prescription Drugs for Low- Income Senior Citizens

Our nation is a leader in developing new prescription drugs, resulting in lives saved and an increased quality of life. However, the costs involved in bringing these drugs to the open market can be high. Some new programs have been established to help those who need it with the costs of prescription drugs.

The federal government has launched a new drug discount card that will provide immediate financial relief to seniors. This program, which took effect on June 1, allows recipients to choose a discount card program that best suits their needs. Medicare will be providing reliable and accessible information. Anyone who is enrolled in Medicare Part A or Part B and not receiving Medicaid benefits is eligible for the discount drug card program. For more information or to become enrolled, you may call **1-800-MEDICARE** (1-800-633-4227) or visit the Medicare website at [www.medicare.gov](http://www.medicare.gov).

HoosierRx is a state program that helps to shift the cost of prescription drugs away from low-income seniors. HoosierRx was enacted four years ago by the General Assembly and allows seniors who qualify to receive a 75 percent discount on the cost of medications. This program will be coordinated with the Medicare discount drug card to maximize savings. Low-income seniors can sign up for the HoosierRx Drug Card by calling, toll-free, **1-866-267-4679** or by visiting [www.in.gov/HoosierRx](http://www.in.gov/HoosierRx). Local pharmacies will also have applications.



## The Indiana Senate Page Program

The General Assembly offers students a unique learning opportunity at the Statehouse.

Any student from 6th grade to 12th grade can sign up to serve as a page for a day.

Pages spend a day in the Senate assisting their local legislators. Responsibilities include responding to senators' requests, delivering messages and running errands. The day includes a tour of the Statehouse and observation of a session, if one is in progress.

Those interested in serving as a page should send their name, age, address, phone number and school affiliation to my office. The Page Office will begin accepting requests in November.

2004 Summer Newsletter

Serving the citizens of Senate District 11, which includes portions of Elkhart and St. Joseph Counties.

Stay connected to the Indiana General Assembly by visiting

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Send letters to:

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# Education Update: No Child Left Behind

The biggest challenge many states are facing in education is how to implement the **No Child Left Behind Act of 2001** (NCLB) that was passed by the U.S. Congress and signed into law by President George W. Bush on January 8, 2003. The act expanded the federal role in education and set in place requirements that reach into every public school in America.

The Indiana General Assembly helped lead the nation in school reform with the passage of **Public Law 221** in 1999. P.L. 221 is Indiana's school improvement and accountability law that put in motion many of the same requirements that the federal NCLB

requires. The law focuses on improving education for all schools and ensuring Hoosier students have the skills they need to succeed.

In recent months there has been criticism of potential flaws in NCLB. Congress and the U.S. Department of Education are working to address these concerns, to allow more flexibility for low performing schools, and to improve special education. For more information on this topic and other education related issues, please visit the Indiana Department of Education web site at [www.doe.state.in.us](http://www.doe.state.in.us).

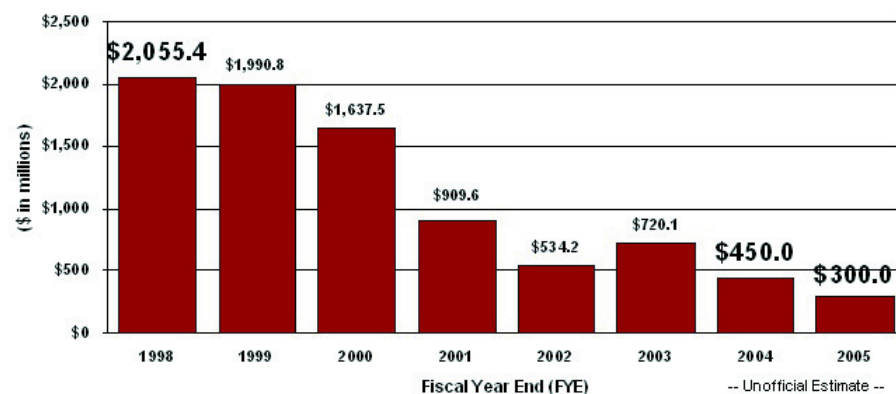
## BUDGET

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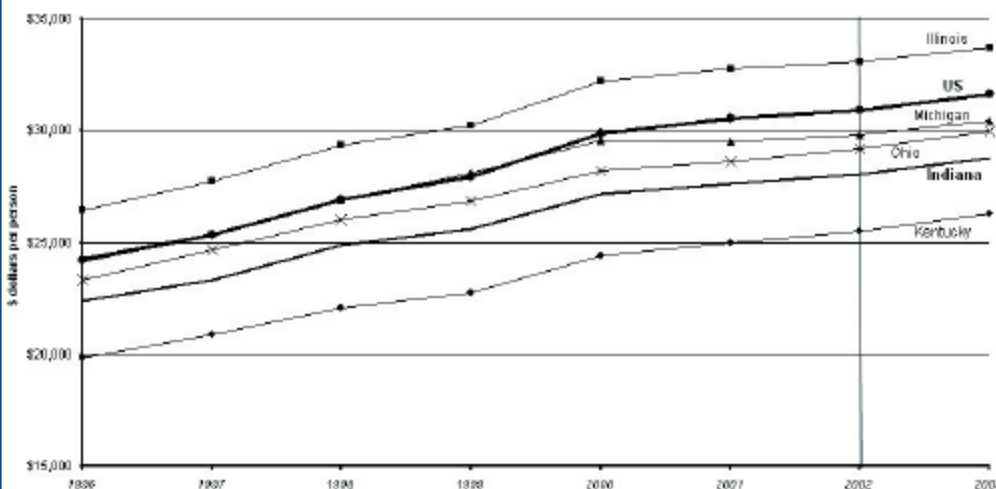
So, while it appears that Indiana's economy is improving, the state's financial condition actually continues to be quite weak.

A \$300 million reserve sounds like a lot of money. But with an annual \$11.2 billion General Fund Budget, including items such as \$4.3 billion for K-12 education, \$2.1 billion for local property tax relief, \$1.4 billion for universities and \$1.2 billion for Medicaid, \$300 million is not a suitable reserve. The State Budget spends on average more than \$30 million per day every day, so a \$300 million reserve would barely fund 10 days of expenses.

**Figure 1** STATE OF INDIANA  
Change in Combined Reserve Balance



**Figure 2** Per Capita Income  
Indiana vs. US & Neighboring States  
since December 1996



A key part Indiana's budget problems is slow revenue growth. Part of the problem is job loss due to the recession. But a major problem is that Indiana lags the nation in personal income growth. As reflected in **Figure 2**, the problem has steadily grown since 1996. Today, the average Hoosier worker earns only about 91 cents for every \$1.00 earned by the average worker nationwide. Just as Hoosier workers earn less, state tax revenues lag as well. If Indiana workers earned the same as the national average, the subsequent gain in tax revenues would erase the state's structural deficit. Indiana needs to improve its economy relative to the nation or Indiana's budget – and the ability to adequately fund priorities like education and health care – will remain a problem.

We must find ways to diversify the economy and stimulate business investment and job growth.

Beginning in January, we will start work on the state budget for the next biennium. Much of the discussion will center on adequate funding for education and health care, increasing government efficiency and limiting state spending. But it is also important to continue to try to find ways to diversify the economy and stimulate business investment as the real long-term solution to the state's budget dilemma.

## Zakas Addresses Environmental Committee

Aquatic nuisance species, such as zebra mussels and the Asian carp, can cause enormous damage to our ecosystem, including the Great Lakes and smaller lakes in northern Indiana. Over 160 non-native species have been found in the Great Lakes, and these have affected fish stocks in the billion-dollar commercial and sport fishing industry, and even infrastructure such as municipal water intake pipes.

The ballast water of ocean-going ships which ply the Great Lakes can introduce such invasive species from around the world. At the request of state Senator Joe Zakas, the Environmental Quality Service Council (EQSC) had a hearing concerning this issue at the end of August in Indianapolis. The EQSC is an 18-member board concerned with environmental issues in Indiana, and includes legislators, executive branch officials, business representatives and environmentalists as members.

The concern to regulate ballast water in ocean-going vessels has been growing for several years. Testimony at the hearing indicated that the federal government has taken some steps to address the matter. For example, the U.S. Coast Guard has



Photo on left: After the EQSC hearing, Sen. Joe Zakas meets with (from left to right) Ray Sierra and Andre Joseph, both with the International Longshoremen's Association, and Stephen Mosher, Port Director of Burns Harbor.

Photo on right: State Sen. Joe Zakas addresses the Environmental Quality Service Council at the end of August.



begun to require an exchange of ballast water before ships can enter U.S. waters. However, weather conditions can affect such an exchange, and residues can remain of the original ballast water. Treatment of ballast water and regulation at the state level are also being considered, and Zakas asked that the EQSC analyze approaches which our state could take to address the problem.

Indiana is a member of the Great Lakes Commission, a consortium of Great Lakes' states, Canadian provinces, and national governments. The Commission has included the problem of aquatic nuisance species on its agenda. Zakas asked the EQSC to consider adding legislators to serve as commissioners in order to improve communication on this issue, as well as others affecting Great Lakes states.

The Great Lakes contain 90 percent of our nation's supply of fresh surface water. They are a major source of drinking water, yet some 1,500 fish advisories have been issued and has been estimated that 20 percent of the shoreline contains polluted sediments. Over 10,500 Indiana jobs are directly related to Great Lakes shipping. Maritime activity on the lakes generated a \$1.4 billion economic impact to our state in 2003.

Although many of the challenges involving the Great Lakes cross government boundaries, addressing them in an effective manner is crucial in protecting and improving the quality of these precious natural resources.

## — Do You Have Unclaimed Property? —

Attorney General Steve Carter reports thousands of unclaimed property listings across the state of Indiana. There are many sources of unclaimed property. Some possible sources are: credit balances, old savings and checking accounts, unpaid wages, mutual fund shares, insurance

proceeds, uncashed traveler's checks, and utility deposits.

Do you have unclaimed property? You can contact Indiana Attorney General Steve Carter's office to see if you or a relative has a claim. Visit [www.indianaunclaimed.com](http://www.indianaunclaimed.com) or call, toll-free, 1-866-IN-CLAIM (1-866-462-5246).